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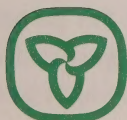
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Government
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What is Maximum Rent?




RENT CONTROL



Ontario

Ministry
of
Housing



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WHAT IS MAXIMUM RENT ?

Maximum rent is the most rent a landlord can lawfully charge a tenant. It includes all rent increases allowed on or after August 1, 1985. If a unit was not rented as of July 1, 1985, then the maximum rent is based on the amount charged when the unit was first rented.

*If the unit is in a care home, maximum rent applies only to the **accommodation** portion of the total charges to the tenant. Charges for meals or care services are not included in the maximum rent. For units in most care homes, the maximum rent includes all rent increases taken since November 23, 1993.*

The Rent Registry has already gathered information on buildings with seven units or more (except care homes) and on smaller buildings where the landlord voluntarily registered. Rents also had to be registered if the landlord applied to the Ministry of Housing for a rent increase.

The Rent Control Act requires registration of additional rental units in certain circumstances and depending on the number of units. Landlords of buildings with 4 to 6 units are currently being required to register.

HOW DO YOU FIND OUT ABOUT MAXIMUM RENT ?

Before a new tenant agrees to rent a unit, the law requires the landlord to advise him or her in writing of the maximum rent. If this is not done, then the landlord cannot increase the rent the tenant is paying by more than the guideline for 24 months.

Landlords of care homes must provide new tenants with a care home information package about the care services and the meal plans available in the home and the charges for them. Until this is given, the landlord may not increase the rent or charges for care services or meals.

Information about maximum rent, services and facilities that are included in the rent and allowed separate charges are recorded in the Rent Registry for most rental units in the province. To obtain available information, contact the Rent Control office in your area.

WHEN IS MAXIMUM RENT INCREASED ?

Rents normally increase each year by an amount called the **guideline**. The guideline is the percentage amount that the rent can increase without approval from a Rent Officer. It is based on average increases in costs for running a building and includes a percentage for major repairs to the building.

The guideline is calculated by the Ministry of Housing each year and announced every August.

GUIDELINES SINCE AUGUST 1, 1985

August 1, 1985 - 4%
January 1, 1986 - 4%
January 1, 1987 - 5.2%
January 1, 1988 - 4.7%
January 1, 1989 - 4.6%
January 1, 1990 - 4.6%
January 1, 1991 - 5.4%
January 1, 1992 - 6%
January 1, 1993 - 4.9%
January 1, 1994 - 3.2%

THE GUIDELINE FOR 1995 IS 2.9%

The maximum rent for a rental unit increases by the guideline automatically every 12 months. But, if a landlord wishes to increase the rent, he or she must still give notice in writing to the tenant at least 90 days before the increase is due.

The Notice of Rent Increase must be in the proper form and there must be at least 12 months since the last rent increase.

A landlord can charge less than the maximum rent but it is illegal to charge a tenant more than the maximum rent.

For example, the maximum rent for a unit as of September 1, 1991 was \$500. The guideline for 1992 is 6 percent. That means the maximum rent as of September 1, 1992 is \$530. The landlord could charge up to \$530 as long as proper Notice of Rent Increase was given, but not more than that.

A landlord may decide not to charge the maximum rent for a unit. A landlord can "catch up" to the maximum rent later, as long as 12 months have passed since the last increase for that unit.

For example, the maximum rent for a unit as of June 1, 1991 was \$500 but the landlord only charged the tenant \$450. The guideline for 1992 is 6 percent. That means the maximum rent as of June 1, 1992 is \$530. The landlord could increase the rent from \$450 to \$530 as long as 12 months had passed since the last increase and the tenant received proper notice.

For care homes the rules about charging maximum rent are a little different if a unit is intended to accommodate more than one tenant, and each tenant has a separate tenancy agreement. In these cases, the unit's maximum rent is split among the intended number of tenants. Each tenant can only be charged the maximum rent divided by the intended number of tenants for their share of the accommodation charges. If there are fewer than the intended number of tenants in a unit, the landlord can't charge any tenant more than their portion. In these cases the total paid by all the tenants for

accommodation would be less than the maximum rent for the unit.

For example: The maximum rent for a care home unit is \$600 and the unit is intended to have 4 tenants. Therefore, the most any one tenant can be charged for rent (ie. accommodation) is \$150. If only 3 tenants are living in the unit, each tenant can still only be charged \$150, so the landlord can only collect a total of \$450 for the accommodation, although the maximum rent is \$600.

By Application

Maximum rent can increase by more than the guideline only if the landlord gets approval from a Rent Officer. If a landlord proves that there are extraordinary cost increases, capital expenditures or that new services and facilities were added, then a Rent Officer may approve a rent increase above guideline. The new maximum rent and the date it is to become effective is set out in an order from a Rent Officer.

For example, a landlord applies to a Rent Officer for a rent increase because he or she had a large increase in municipal taxes and replaced the roof. The landlord shows that he or she experienced these costs. An order is issued allowing a 7 percent increase in rent. Even though the guideline for the year is only 6 percent, the maximum rent will increase by 7 percent because the landlord received approval for the increase.

AGREEING TO ADD OR DISCONTINUE A SERVICE

Some services or facilities are usually included in the rent. A separate charge is an amount paid for a service or facility that the landlord is lawfully allowed to charge the tenant in addition to the rent for the unit.

The amount paid for separate charges can be increased each year by the guideline at the same time the rent for the unit is increased.

If the landlord and tenant agree to add or discontinue a service or facility for which there is a separate charge, then the maximum rent can be adjusted by the amount of the separate charge. This can happen only if it is for parking, cablevision or a service where a separate charge has been established by an Order.

If parking or cablevision is included in the rent, then the landlord and tenant can agree to add or discontinue the service and agree on the amount to adjust the rent according to the regulations.

The landlord and tenant must both agree to add or discontinue the service or facility before the maximum rent can change.

Exception: In care homes these rules do not apply to charges for care services or meals. A landlord or tenant may agree to add or discontinue a care service or meal option. This will not affect the maximum rent, and rent

control does not limit how much can be charged for a new care service or meal option, nor whether charges should be decreased if a care service or meal option is discontinued.

WHEN IS MAXIMUM RENT DECREASED ?

By Application

A tenant may make an application to reduce the maximum rent if there has been a decrease in the landlord's costs for municipal taxes, heating, hydro, water.

A tenant may make an application to reduce the maximum rent because the building or a tenant's unit is not maintained adequately.

For example, a tenant can apply to a Rent Officer because plumbing repairs in the tenant's unit have not been done, even though the landlord was advised of the problem.

A tenant may make an application to reduce the maximum rent because a service or facility has been reduced or discontinued. *(This does not apply to care services or meals that are provided in a care home.)*

For example, a tenant may apply to a Rent Officer because the landlord has closed the laundry room.

By Notice From RENT CONTROL

A tenant's maximum rent will be decreased once a capital expenditure has been paid for by rent increases. The part of the maximum rent that will be removed once the capital expenditure has been paid for is called the **capital component**. Although it is set out in the Notice of Rent Increase, the capital component is not increased by the guideline each year.

For example, an allowance for replacing the roof is included as part of the rent increase set out in an Order. After a number of years the roof repair will be paid for by the increase in rent. At that time Rent Control will advise the landlord and tenants of the amount and the date the maximum rent will be decreased.

This guide is to help you understand rent control. The Rent Control Act, 1992 and its regulations should be consulted for an exact interpretation of the law.

For more information call the Rent Control Office in your area.

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